



Growth for Both

Biggest Ever U.S. Trade Delegation Heads to India

By LAURINDA KEYS LONG

India is open for business. That's the message the Department of Commerce's International Trade Administration has been telling American business leaders for the past half-year to encourage some 200 of them to join the biggest ever U.S. government-led business development mission.

Most of the business leaders visiting India with Under Secretary for International Trade Franklin L. Lavin run small- and medium-sized companies. More than 70 percent of the U.S. economy is driven by such businesses and many are taking a look for the first time at investing, partnering, producing and selling in India.

Why is the biggest ever U.S. trade delegation coming to India?

"We wanted to create a big impression, put a marker down," says Carmine D'Aloisio, minister counselor for commercial affairs at the Embassy in New Delhi. "This business development mission is not just about the 200 companies on the mission, but all those others back in the United States who will hear and read about it and gain an understanding that India is the place to do business."

The November 26 to December 6 mission is focused on making the best possible match-ups between Indian and American companies. That involves organizing the visiting business leaders by sector, spinning them off in groups to visit six Indian cities, and also arranging a mammoth two-day Business Summit with 300 Indian companies who are members of the Federation of Indian Chambers of Commerce and Industry and the Confederation of Indian Industries. The American business people will have a chance to meet face to face with India's high-level business, industry and government representatives and gain insights into the coun-

try's business climate.

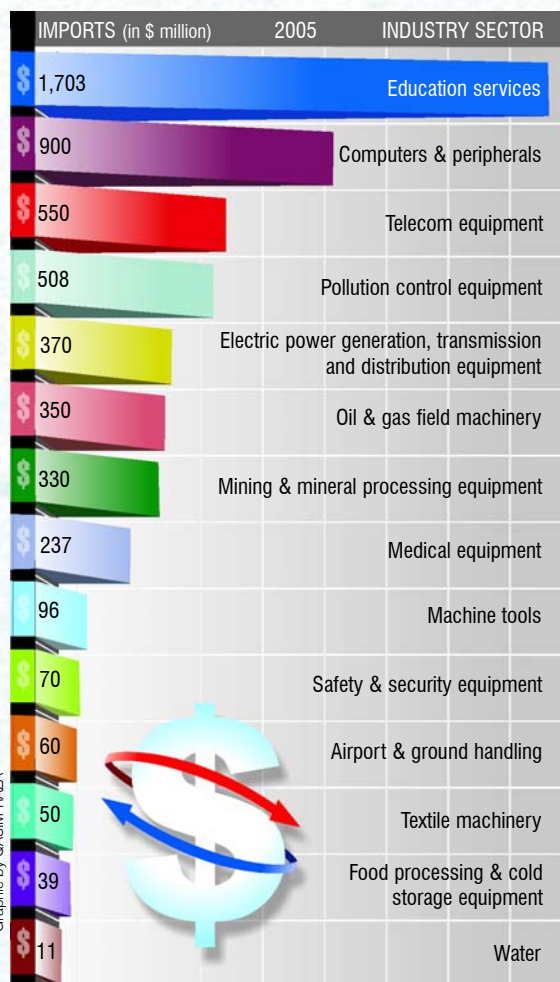
"We're bringing them together and letting them get on with the job of doing business," says D'Aloisio. The U.S. Commercial Service is the trade promotion arm of the Department of Commerce's International Trade Administration and was established in 1980 just for that purpose, to help small- and medium-sized companies do business with partners, increase their trade opportunities and generate more growth.

"India is open for business. Yours," the Commercial Service is telling American

business leaders on its Web site (<http://www.export.gov/indiamission/>). "If you're ready to make or increase sales in this booming market, our India Business Development Mission is an opportunity you can't afford to miss," it says. The U.S. government is arranging one-on-one meetings with pre-screened buyers, partners, agents and distributors in India. In addition, market briefings, networking receptions and business appointments are being arranged in Bangalore, Chennai, Calcutta, Hyderabad, Mumbai and New Delhi. In a large, diverse country such as India, a key factor for doing business successfully is finding good partners, says D'Aloisio. That is one reason why the American business people are being encouraged to spread out around India to get good, localized information. Not only are the U.S. business leaders eager to come, they are willing to pay up to \$2,100 each, in addition to the cost of their travel, lodging and meals.

They are responding to the U.S. government's assessment that the Indian market "presents lucrative and diverse opportunities for U.S. exporters with the right products, services and commitment." Two-way trade in merchandise last year reached an all-time high of more than \$26 billion. The Indian market is also opening up more to American products, adjusting the decades-old lopsided, imbalance of trade that still favors Indian exports. American merchandise exports to India reached almost \$8 billion in 2005, nearly double the amount in 2002.

Best prospects for India in terms of imports from the U.S.



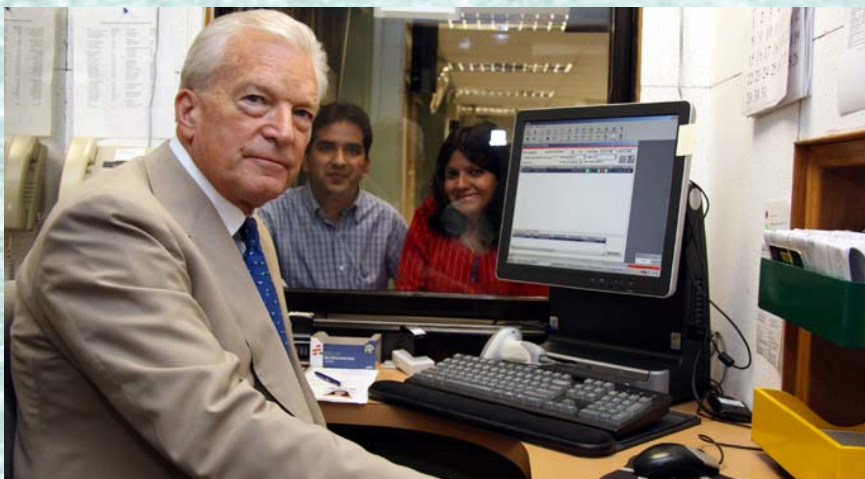
Graphic by OASIM FAZA

Source: U.S. Commercial Service. The figures are based on unofficial estimates.

FOR MORE INFORMATION:

Vandana Chhabra, FICCI. E-mail:
vandana@ficci.com or Phone:
011-23357395 or 011-23738760-70
Ext. 410





Indians and Americans "have been establishing business and people-to-people contacts in far greater numbers than anyone ever predicted. There has been enormous growth in the movement of people between our two countries, and the U.S. Mission is making it a priority to make this process easier," Ambassador David C. Mulford said when he joined other American diplomats in helping to process visas at the U.S. Consulate in New Delhi on October 5. "New business between our two countries has grown exponentially, and we have taken measures to facilitate the movement of business travelers." Waiting times for visa appointments at all U.S. consulates in India have been reduced to one week in recent months and fees are lower.

Indian and American Firms Eager to Work Together

An interview with **Under Secretary for International Trade FRANKLIN L. LAVIN**

Since his last visit to New Delhi in May, Under Secretary for International Trade Franklin L. Lavin and his teams have been planning for a multi-city, multi-sector business development mission to India—the biggest U.S. trade mission anywhere, ever. Just before their arrival, the under secretary spoke with SPAN about the possibilities and challenges for growing trade between the two countries, for the benefit of both.

SPAN: A visit by 200 American business leaders, and interactions with Indian counterparts, will no doubt generate a lot of ideas, excitement and proposals, but Americans' enthusiasm for doing business in India in the past has been dampened by a barrier of regulations, lack of intellectual property protection, uneven enforcement of the laws and corruption. How will any of that change?

UNDER SECRETARY LAVIN: The mission is a demonstration of the high—and growing—level of interest in the Indian market by U.S. companies. I believe Indian firms are eager to work with U.S. firms. However, changes in the Indian commercial policy context in which both countries' firms operate will need to come from India's democratically-elected governments at the center and in the states. During my visit, I will be meeting with my Indian counterparts under the Commercial Dialogue to discuss our concerns with the impediments to doing business, and how eliminating these impediments will enable U.S.-India commerce to flourish.

What concerns have the delega-



tion members expressed, what questions are they asking, about doing business in India?

Like smart business people, the delegation members are focused on potential customers and their most expressed concern has been: What is the demand for my product in India? Some of the larger companies have a good understanding of that and are looking for buyers, but others want to know the best strategy to get their product to the Indian market. Their questions include: Should we be looking to establish joint ventures? How do

we find a distribution partner? What's the best channel strategy? How do we get a good marketing partnership going?

What specifically can U.S. business leaders be told about positive developments for doing business in India?

India has steadily lowered customs tariffs on most industrial goods to the point where most finished products are charged a tariff of 12.5 percent. And this so-called "peak" tariff is slated to come down to 10 percent. Similarly, India has implemented measures to liberalize aspects of its foreign direct investment policy.

These actions have stimulated a positive response with substantially increased commercial flows from U.S. companies. In fact, U.S. exports to India almost doubled between 2002 and 2005, and are up a further 20 percent through August of this year. Total U.S. direct investment in India doubled between 2002 and 2005. Further liberalization of India's trade and investment policies should stimulate even greater engagement with India by U.S. companies.

An influential section of Indian opinion leaders express fear that

more and freer trade might mean Indians would be swamped, local companies could not compete, there would be pressure for labor-protecting laws to be changed to accommodate foreign firms, changing India's business and trade culture so that American businesses can make more money. How does this big U.S. trade push benefit small and medium Indian companies?

The doubling of India's global exports between 2002 and 2005 clearly shows that Indian firms can compete internationally, and indicates that economic liberalization has helped spur India's increased international commercial activity. When allowed to compete, Indian businesses excel and I have no doubt that both Indian businesses and consumers will benefit from increased trade and competition. Further steps toward economic liberalization, including improved protection and enforcement of intellectual property rights and removing restrictions on foreign investment, provide Indian companies of all sizes increased opportunities for trade, investment and technology transfer.

—L.K.L.